

GORDON, HUNTER & DUNCAN,

SOLICITORS

W B GORDON (NOTARY PUBLIC)
 F T HUNTER
 H H DUNCAN
 S J GORDON (NOTARY PUBLIC)

LONDON OFFICES,
 BLUNDELL GORDON & CO,
 15 SERJEANTS INN, FLEET STREET.

14, Piccadilly,
 Bradford.

25th. May 1911.

Dear Miss Mason,

I had not forgotten the question of the disposition of Scale How for the purposes of the House of Education, but have been occupying the interval since I saw you with full consideration and enquiry as to the best possible way of accomplishing your wishes. The moment I got into the train after leaving you I remembered that there are serious difficulties in the way of creating a trust by means of your Will. In the first place there will be Legacy Duty at the rate of 10% on the value of all the assets which would fall into the trust. In the second place the Will would be invalid, so far as concerned the gift of the property for the purposes of the trust, if you died within 12 months after making the Will. Thirdly, we have to deal with the Statutes of Mortmain which restrict the gift of land for the purposes of Charity, and a gift for Educational purposes with trusts which would prevent the making of a profit would come under the technical description of a "Charity". Under these Statutes land assured by Will for the benefit of any "Charitable" use must be sold within one year from the death of

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the testator unless the High Court, on an application made to it, is satisfied that the land is required for actual occupation for the purposes of the Charity and not as an investment, in which case the Court may sanction the retention of the land.

Having realised all these difficulties as standing in the Way of a Will, I turned my attention to the possibility of a Trust Deed, and have to face the fact that such a Deed would also be void if you died within twelve months after its execution. There is the further difficulty that the Deed creating the trust must not contain any reservation or provision for the benefit of the person creating it. I am inclined to think that a provision by which the whole management of the trust was to be in your hands and you were to receive remuneration in connection with it, would be a "reservation" or "provision" for your benefit which would render the Deed void. Moreover if you proceed by Trust Deed you must select your Trustees now and get their consent to act. If after being appointed any of them resign or die, it will become necessary to appoint new Trustees and transfer property to them.

I again come back to the idea of an Incorporated Body. I gathered that you had a dislike to this method because of the name "Company". The Incorporated Body would not

however be a Company in the commercial sense, or in fact at all. It would be created under certain special provisions of the Companies Act under which it would be unnecessary to use the word "Limited" as part of the title, and the word "Incorporated" would be substituted. It would be called "The Incorporated House of Education", or "The House of Education (Incorporated)", and the word "Incorporated" need not be used excepting in official documents. Various similar Institutions have from time to time been formed on this basis. I believe the Ladies' College at Cheltenham is one, and Newnham College, is another. So were University College, Bristol; Yorkshire College Leeds, and The City & Guild of London Institute for ~~the~~ ^{advancement} promotion of Technical Instruction, as well as many others of the same kind. The method and advantages of forming such an Incorporated Body would be as follows:-

1. You would define, by what is called the Memorandum of Association, the objects to carry out which the Corporate Body is formed. These would be made as wide as possible, as they could not at a future date be altered without considerable trouble.
2. You would define by what are called "Articles of Association" the Rules and Regulations under which the Corporate Body is to work. These would provide that, so long as you live and do not resign, you would have the entire management in your own hands, except so far as you cared to consult the Board of Governors or Directors, and you would have power to associate anyone else

to succeed you in that management after your death, with the same powers as you have whilst living. The first Board of Governors or Directors might be named in the Articles, and provision would be made as to the mode in which vacancies are to be filled up. If however you did not want to nominate any Board of Governors or Directors at the present moment, you could under the provisions of the Articles dispense with them until you wished such a Board to come into existence. The Articles would then provide how such a Board was to be formed, partly by nomination of yourself or your successor, partly by nomination of any friends whom you associated with you now in the formation of the Incorporated Body, and partly by nomination ^{by} ~~of~~ such Bodies as the Parents' Union or any other Educational or local Authorities. The Articles of Association would be capable of alteration as and when need arose. In this respect the Company scheme would be a much more elastic one than that of a Trust Deed.

3. You would be able to convey the freehold property to the ~~Company~~ ^{Incorporated Body} without regard to the restrictive provisions of the Mortmain Acts. The Acts which allow the formation of such Incorporated Bodies stipulate that they shall not hold more than two acres of land without the License of the Board of Trade. I have however ascertained from the Board of Trade that there would be no trouble whatever in the granting of

License to hold the whole of the 9½ acres or thereabouts which you now own.

4. Although, if you die within three years of making the gift, Estate Duty would be payable on the assets which you voluntarily transfer to the Incorporated Body, the additional 10% legacy duty would be avoided.

5. An Incorporated Body being incapable of death so long as it was carrying on the work, there would be no future trouble in regard to the conveying of the property to new Trustees on the deaths or resignations of Trustees.

It is true that if you adopt the Incorporation scheme there will be a certain amount of routine to go through owing to the necessity of dealing with the Board of Trade, and a certain amount of irritating verbiage in the documents. Such difficulties are however more or less incidental to any scheme, and I do not think they need cause you any worry if on other grounds you are satisfied that the Incorporation scheme is the best.

I am sorry to trouble you with such a long and somewhat technical letter. I should have run over to see you on the subject, but feel that probably the explanation is better given in writing in this way when you can think it over quietly.

I am quite ready however to pay another visit to Ambleside for the purpose of discussing matters with you if you feel that you would like it. I know the

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subject is an important one, and should like to give it all the attention that you feel it requires. If however you, after this explanation, feel reconciled to the idea of an Incorporated Body I should propose in the first place to get the documents into order and defer seeing you until the time comes for discussing them.

With kind regards,

I am,

Yours sincerely,

W. V. B. Gordon

Miss Mason,

House of Education,

Ambleside.

GORDON HUNTER & DUNCAN,
SOLICITORS.

W.B. GORDON (NOTARY PUBLIC)
F.T. HUNTER
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S.J. GORDON (NOTARY PUBLIC)
P.O. ASHWORTH
LONDON OFFICES,
BLUNDELL, GORDON & CO.,
16 SERJEANTS INN, FLEET STREET.

24, Piccadilly,
Bradford.

2nd. November 1911.

Dear Miss Mason,

2 I have again gone into the whole question of your Scheme and the best way of making arrangements for it to be carried into effect, and now enclose the amended documents for formation of an Incorporated Association to take over the House of Education, the Parents' Review School and your Publications. If you decide to go forward with the business the procedure will be as follows:-

1. The enclosed documents will have to be approved by the Counsel to the Board of Trade, whose fee for this will be £5-5-0.
2. On his approving it the Board of Trade will require us to insert an advertisement in the papers of the intention to form the Association. For your information I enclose a skeleton form of such an advertisement, the skeleton being taken from the form I used to institute an Association called the "Yorkshire Board of Legal Studies" in which I was ~~existed~~ interested.
3. When the time specified in the advertisement has expired the Board of Trade will issue Certificate allowing you to form the Association.
4. The Association will then be registered and the necessary registration fees paid. Approximately the fees on registration will be £5-5-0.
5. You will then transfer to the Association "Scale How" and the land you hold with it, and also the goodwill of the Parents' Review School and the copyright in your publications, and the benefit of any Agreements you may have with your Publishers in regard to these. On the transfer of ^{the property} ~~the property~~ there will be a Stamp Duty of £1 % on its value.

This is, I am bound to admit, a rather cumbersome and expensive process. There will then still be a risk that if you

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die within twelve months of the transfer of the property to the Association that Transfer may be void under the Mortmain Acts. To provide for this contingency I should ask you to make a Will leaving the property to the Association.

The advantages of the scheme which you have to weigh against its cumbersome and expensive character are as follows:-

- (a) That you will have clearly defined the nature of the work which you wish carried out, and as far as possible the mode in which it is to be carried out.
- (b) You will have created a permanent body to carry out that work.
- (c) If you sought to deal with the matter by a Will only the Trustees or others to whom you gave the various assets by Will would be charged Legacy Duty at 10% on the value of these assets but in calculating this value the Mortgage would be deducted.
- (d) If you tried to deal with the matter by Trust Deed you would be obliged to nominate your Trustees now to whom the property would have to be transferred, and you would therefore have to define the extent of control which they are to have, both in your lifetime and afterwards, ~~for~~^{over} that property.

I shall be glad if you will, at your leisure, give the whole question consideration, and when you are ready if you will let me know I shall be glad to run over and see you.

Yours truly,

W. B. Gordon

Miss Mason,
House of Education,
Ambleside.

23/12/11/84

TELEGRAMS "LEX BRADFORD"

GORDON, HUNTER & DUNCAN,
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LONDON OFFICES,
BLUNDELL, GORDON & CO.,
16 SERJEANTS INN, FLEET ST. E.C.

Encl.

11, Piccadilly,
Bradford.

28th. December 1911.

Dear Miss Mason,

In sending up the papers to the Board of Trade I have to give a list of the proposed Governing Body of the Association. Perhaps, as soon as you are able to do so, you will let me have the names of a few, not more than five or six, who will act as Governors, the understanding being that their duties will be nominal so long as you live and hold the reins. As soon as I receive this list I shall send up the papers to the Board of Trade for their approval. If they are satisfied that the Application may be entertained it will then be necessary to put the advertisement in the paper. Then will be the time to write Mrs. Frankland. Meantime I enclose a rough sketch of the letter which I should propose then to write. There is however no immediate necessity to settle this.

*This shall follow
to-morrow*

In regard to the question of cost, as far as I can estimate it, including some £10 or £11 to be paid to Counsel, advertising charges, stamp duties on the Transfer of Scale How and various other payments I estimate that the cost will be something like £100 to £120. The biggest item in this

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is the Stamp Duty which is at the rate of 21 per cent on the value of Scale How. We may find some means of reducing this duty, but I cannot rely upon doing this. On the other hand there may also have to be duty paid at 1 per cent on the value of the copyrights which are to be assigned to the Company.

In regard to the question of Accountant, I find that there is no-one in Kendal or Carnforth or anywhere else in the immediate neighbourhood. I think the nearest place to get anyone on whom you can absolutely rely would be Barrow. There is a large firm there of W. B. Peate & Co. who are in fact probably at the head of the Profession in England. Mr. Peate himself conducts a business in London but he has several partners, younger men, in Barrow, and I am quite sure that one of these will be willing to do all that you require at very reasonable cost. If you think this would be a satisfactory arrangement I shall be glad to write to Messrs. Peate explaining the position to them and asking them to name a fee for which they would deal with the Annual Audity of your Accounts. They would then in the meantime for a very small fee advise you on the question of Income tax.

As to the Income Tax, I cannot understand why they charge you at the rate of 1/2. This is the rate charged

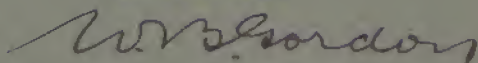
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on unearned income. Your income is undoubtedly "earned" and you are entitled to be charged at the rate of 9d. only instead of 1/2. In order to obtain this concession however you ought to have claimed it before 30th. September last, and you may have a little difficulty now in getting relief. I think it would be very much easier to get it if you were represented by a strong firm of Accountants who know all the "ropes"

I am sending you the various documents relating to Scale How as per enclosed list, and shall be greatly obliged if you will sign the receipt at the foot of the List and send it back to me.

Yours truly,



Miss Mason,

House of Education,

Ambleside.